

**SPECIAL MEETING
BOARD OF MAYOR AND ALDERMEN
(PUBLIC HEARING - PROPOSED CHARTER AMENDMENT)**

September 6, 2005

5:30 PM

Mayor Baines called the meeting to order.

Mayor Baines called for the Pledge of Allegiance, this function being led by Alderman Roy.

The Clerk called the roll.

Present: Aldermen Roy, Gatsas, Guinta, Sysyn, Osborne, Porter, Shea,
DeVries, Garrity, Smith, Thibault and Forest

Mayor Baines advised that the purpose of the special meeting is to hear those wishing to speak with regard to a proposed amendment to the Manchester City Charter; that anyone wishing to speak must first step to the nearest microphone when recognized, recite his/her name and address in a clear, loud voice for the record; that each person will be given only one opportunity to speak; that comments shall be limited to three minutes to allow all participants the opportunity to speak and any comments must be directed to the Chair.

Mayor Baines stated the public hearing is not for the Board to speak. It is for the public to speak. We will have some discussion about this when we get into the regular meeting of the Board of Mayor and Aldermen. I do want to thank all of you for coming and taking an interest in your government.

Mayor Baines requested the Clerk present the proposed amendment to the Manchester City Charter:

Amend the Manchester, New Hampshire City Charter by inserting the following new language:

SECTION 6.15 LIMITATION ON BUDGET INCREASES

The combined annual municipal and school district budget shall not rise faster than the rate of inflation. The rate of inflation shall be defined as the Consumer Price Index (CPI) averaged over the previous three (3) calendar years. This limitation may be overridden upon the affirmative vote of eleven (11) aldermen on roll call, by separate resolution.

Mayor Baines stated before we start any meeting of the Board I would ask people to keep in their thoughts and prayers all of our fellow citizens in Louisiana, Mississippi and New Orleans that are going through some very traumatic times. I am going to be talking about

Manchester's response to that a little bit later but before we begin our formal meeting I would ask that you pause a moment for silent prayer.

Mayor Baines called on the City Solicitor to speak.

Thomas Clark, Solicitor, stated pursuant to RSA 49B:5A, the proposal as submitted by the petitioners was sent to the Attorney General's Office, the Secretary of State and to the Department of Revenue Administration for their review. On September 1 the City received a response from all three agencies. It was a combined response and they have determined that the proposal as it exists is not consistent with state law. In particular, the agencies found that the use of an 11 vote super majority conflicts with the statutory scheme established by the Legislature and they have also expressed concern with any limitation on the ability of the legislative body, the Board of Mayor and Aldermen, to adopt a budget and with the vagueness of the language as drafted even though they did not specifically object on those grounds. Therefore, pursuant to the statute, with their objections this proposal at this time may not be placed on the ballot.

Alderman Gatsas stated I am looking for an opinion from the Solicitor. Tom, if we as a majority or as a full Board decide to change what we have before us in any way or amend it, could we then go forward with the public hearing with unanimous consent?

Solicitor Clark responded no. The public hearing is on the proposal as initiated by the petitioners. The Board cannot amend that petition. By statute the petition that comes in is the one that goes to the public hearing.

Alderman Gatsas asked even with unanimous consent.

Solicitor Clark answered correct. It is by state statute.

Alderman Gatsas asked are you saying that this Board has never done that before.

Solicitor Clark replied under your rules you have done things under unanimous consent but this is a state statute you are dealing with and the state statute says that once the sufficiency is determined of the petitions it goes to the public hearing. That is what goes to the public hearing. It is not the petition raised by this Board.

Alderman Gatsas asked wasn't there a public hearing that we had on something about a month ago that we amended with unanimous consent and brought it forward to a public hearing.

Solicitor Clark answered I am not sure what you are referring to.

Mayor Baines stated the City Solicitor has given his opinion and I want to now proceed to the public hearing.

Mayor Baines called for those wishing to speak.

Stephen Abbott, 239 Harrison Street, Manchester stated:

Mayor, Aldermen, it is good to be in front of you again. As Chairman of the Concerned Taxpayers of Manchester I wish to convey our disappointment at the Mayor and several other Aldermen who did not get behind the spending cap early on and we are even more disappointed that some chose to actively oppose it publicly and privately. The Mayor said we should have gone to the City Solicitor to ask for help or perhaps directly to him. Well, the City rebuffed our request for help and the Mayor told me early on that he would oppose it, which, if course, is his right. I wish he would get behind some measure to bring fiscal accountability to the budgeting process. This was a non-partisan effort and I have invited the Mayor before to the table. Once again, if this effort fails I publicly call upon Mayor Baines to immediately start working with us to create a spending cap that will pass, with his help, in the future. Make no mistake, we will be back. We owe it to the thousands of voters who supported us. Finally, those who worked against this cap, whatever their party affiliation, should know that the people are watching and will remember. Those who think an R next to their name, or who call themselves fiscal conservatives at election time will save them from accountability at the polls, think again. The taxpayers will remember and so shall we. Thank you.

Karl Beisel, 116 Everett Street, Manchester stated:

I was originally planning to talk extensively about the merits of the spending cap. In light of the joint opinion from the State, I wanted to talk about something different. Specifically about the duties and responsibilities of this elected body. The statutes give voters in the City the right to petition for a charter amendment change and we have done that. 5,000 voters signed this petition and I think that means that the elected body should respond in a meaningful way in the spirit of the law and not just on a technicality. The voters have said unequivocally that they want to be able to vote on a spending cap measure that limits spending to the rate of inflation with some override clause. We need additional accountability and 5,000 voters said that. I think that it is the duty and the responsibility of this Board to now or in the future place some kind of spending cap measure on the ballot for the City Charter. I am asking the Board to do that now or in the future. I think that it is

important that this be done because it is consistent with the spirit of the law and not just the letter of the law and I ask that instead of hindering this process that you fight for our rights to be heard and do the responsible thing and that is to place this on the ballot. Thank you.

Brad Cook, 150 Heather Street, Manchester stated:

I was a member of two Charter Commissions, the last two. I was a member of the School Board and I have been Chairman of the Chamber of Commerce of the City of Manchester. I was reviewing the value of the properties that my wife and I have owned and invested in in Manchester over the years and since 1975 when we bought them the taxes on these properties have increased about 2 ½ to 3 times. The value of these properties has increased about 10 times. Taxes and spending in Manchester have been very responsible. Taxes and spending in Manchester have been an investment in the City and frankly a spending cap mechanism looked at by both of the last two Charter Commissions and rejected by them are inappropriate and dangerous. We have a spending cap mechanism. You are it and the voters out there are it behind you. You consider the ramifications of a very extensive and complex budget, you consider agencies that have all sorts of spending ramifications, the City Solicitor and the department heads have pointed out to you how complex Manchester is as a City and how complex having a spending cap would be when you have Enterprises such as the Airport and I served on the Airport Authority, as well as Water Works. This is not an easy or simple situation. This was a simplistic and partisan effort. Thank goodness this particular proposal was found illegal but whether it had been or not these things should be defeated as they have been in the past. We finally have a City that is as good as those who have for years proposed such ill advised things like this told us we couldn't have because of the vision and the investment that you and predecessor Boards have had. I am not surprised, especially at election time, that the groups who have told us what we couldn't have in Manchester for so long would support this. I am saddened that some of you who should know better have supported these things. This is not a good proposal. This is not a good kind of proposal. These are very sad mechanisms. I am a Republican. I believe government at the local level is where the action is. That is where decisions should be made and that is where things should be done. Manchester has had the guts and the good sense to do what should be done and to cripple your flexibility with simplistic solutions when you have a mechanism in place, namely democracy, is not the appropriate solution. You shouldn't have this one and you shouldn't have any other one.

Bob Barry, 51 W. Elmwood Avenue, Manchester stated:

I have owned my property at 51 W. Elmwood Avenue for over 50 years. I wish to speak this evening about the tax burden hoisted upon the taxpayers of our City and the spending frenzy that has made these ever increasing proposals a part of living in Manchester. Manchester has a civic auditorium that is being paid for by the increment of the Rooms & Meals tax and not benefiting the average taxpayer in Manchester. This arena has added more than \$60 million to the load upon our backs, not counting the interest and the auxiliary costs including traffic control, additional costs in alcohol control at rowdy nightclubs, etc. Manchester now owns a

baseball stadium at a cost \$27 million. Again, not counting interest. It is of absolutely no benefit to the taxpayer eight months of the year. It is supposed to be paid for out of tax revenue to be derived from condominiums yet to be built and the scope of which is constantly being changed leading folks of common sense to wonder if there ever will be a completion to the project. Then we finally see a small benefit coming from the \$105 million being spent on upgrading our public school system now that we are going to lose approximately 1,500 students to a new school in Bedford. Great timing. The present administration has proposed over 10 year's tax increases of 41.25% to cover these projects. Can you imagine the ghost town that Manchester would be if these taxes were actually put into effect? I don't think you would have too many people walking the streets of Manchester at any time of the day and night and you wouldn't have to worry about the nightclubs either. One or perhaps two taxpayers to support each of the hundreds of thousands of dollars spent by the Board of Mayor and Aldermen and we would be in the same dilemma that Social Security is in. We need a spending cap now. Please let the people decide at the ballot box unless you are afraid of the outcome. Thank you.

Jeff Kassel, 22 Appleton Street, Manchester stated:

I have had a house in Manchester for the last 27 years. I was especially interested in Brad Cook's comment. He is obviously opposed to a spending cap. Of course it should be noted that Brad Cook has worked on Bob Baines' campaigns over the last number of years and he is a successful lawyer in town. As it turns out, not everybody is a highly paid, successful lawyer in Manchester. There are a lot of people working at Wal-Mart and places like that. Maybe places that pay even less money, which is why we initiated this spending, cap. I was one of the initiators of the spending cap. People have called me a few names lately in the newspaper about this. I reject those names but I do think this body, a lot of the people on this body are missing the point here. It is really not a point about...it is not about a finding by the Secretary of State of the Attorney General's Office. It is really about the will of the people. People want tax relief. It is your job to give them tax relief but you are not giving them tax relief. It costs a lot to live in this town. Maybe Brad Cook makes a lot of money and he doesn't mind paying \$3,000 or \$4,000 or \$5,000 or \$10,000 in taxes but a lot of people are struggling to do that. This Attorney General finding and Secretary of State finding...I read it and I think it is preposterous. We are going to attack it. We are going to attack it legally but even if we fail we are going to be back next year and you have to answer to the voters next year. We have hockey now. We have arena football. We have baseball but you know what we really need in this town now besides tax relief and curbs on spending? We need more cops. Less baseball players and more cops because some of the crime in the town is now reaching the level of what you see in large cities and it makes Manchester very unattractive and not a particularly good place to live. Thank you.

Gaylin Shekleton, 134 Circle Road, Apt. 3, Manchester stated:

Forgive me. I don't have a prepared statement. I will just say what is on my mind. As we have all seen in the past week down in the South in New Orleans, when disaster happens or when a huge crisis happens we have all seen that the government is not always capable of providing services, providing necessary services. I believe that individual people are much more prepared or should be allowed to be more prepared to provide for themselves and take care of themselves. When we have a large government with higher taxes, that puts a real burden on the people and people should be allowed to...should be more free to take care of themselves. I vote for the spending cap. Thank you.

Bill Tickler, 177 Lancelot Avenue, Manchester stated:

I am a member of the Concerned Taxpayers of Manchester and I was asked to go out and collect signatures for this project that we have going. I thought it might help my tax situation since my taxes have gone up twice in the last six years. Now I don't know if the fellow members of the Board have had their taxes increased twice in the last six years. I looked at several tax maps at City Hall and I found that some of them were very disappointing when I was looking at them. I feel as though this spending cap would be a workable situation. I have been paying taxes in Manchester now for over 50 years. I had a small business and I pay taxes on that. I talked to about 1,000 people when I was out collecting these petitions and about 95% of them felt that this probably was a good idea to have a spending cap. I know you members have a hard job. You have to try to keep the spending down and you have to keep the people satisfied also. Here is hoping that we can get this put on the ballot and have the voters make the decision rather than the people that are in this room tonight. Thank you.

Steve Vaillancourt, 161 Faith Lane, Manchester stated:

I spent about an hour this afternoon speaking with Secretary of State, Bill Gardner and with Orville "Bud" Fitch, the Attorney General's representative who wrote the letter to you. I think it is important to say at the outset that we are a nation, we are a country and we are a City of laws. When we become anything less than that we have an example of the kind of anarchy and chaos that can descend upon us. So when the Attorney General's Office and the Secretary of State tells you that this is probably not legal to go on the ballot I think we have to assume that they are acting correctly in what they presume or assume the law to be. One of the myths about New Hampshire is that we are a state of local control. It is a myth. We are not a state of local control. For example if you are a town up in northern New Hampshire that wants to institute a ban on cigarettes in restaurants, the courts say you can't do that, local control notwithstanding. You cannot have a surcharge on the Rooms & Meals tax like they do in New York City and most cities across the country. You can't do that in New Hampshire. New Hampshire is a state where cities and towns are creatures of the state government and you have to bow to state government and say mother may I when you want to do something. They have said no you may not do this. My friend, Jeff Kassel and others can take them to court all they want but I think it is quite clear now that this will not be on the ballot because Bud Fitch told me it is not only a problem with the 2/3 as opposed to the

11 but he says that the court may well rule that spending caps are completely illegal and that Nashua and Franklin may have passed something illegal because as a creature of the state, cities and towns may only be able to create budgets with the 14 of you. You may not be able to put a budget to the people and say let them vote. Now is this right or not? I don't know but with a City of 107,000 we have decided as a state to say there is only one place where you can create a budget and that is here. Now do I believe that state law should say that you can't have a spending cap? No I don't believe that but apparently it does say that. This isn't going to go to the people. I also have sympathy with the comments that Karl Beisel made because I think your purpose should be two-fold. To obey the law as you have had spelled out to you but also to be cognizant of the fact that there is a will of the people and that 5,000 people signed this petition. If there is any possible way of doing what they want within the parameters of state law, it is incumbent upon this Board to do it. So I think you could absorb the principals of this spending cap, make it legal and make it yours and you should feel compelled to do that. Did I hear that my time was up? The other thing is there is a spending cap as Brad Cook, that bi-partisan royal, said...well Brad Cook mentioned that this was a partisan effort. I take offense to that. This was not partisan unless you define partisan as what Brad Cook wants or not. That is absurd to call this bi-partisan or to even refer to partnership. We do have a way of controlling spending. Everybody running for Alderman and School Board should take the pledge not to break what would be this cap if it were allowed to pass. I urge you all to take that pledge and tell the *Union Leader* reporter that you have taken it as you leave. Thank you.

Kathie Gatsas, 568 Island Pond Road, Manchester stated:

Many Manchester property owners have expressed to me that they are financially squeezed and the tax increases will severely challenge their continuation of home ownership. With the high price of gas and heating fuel prices and increasing food costs, continued property tax increases will likely tax our homeowners into poverty. A limit on spending will ease the burden on property owners and will support a tax friendly environment that will encourage new businesses to locate in Manchester. That means more jobs for our citizens. The spending cap is not about restricting family incomes. It is about supporting Manchester families and their continuation of home ownership in our community. It is the revenue from property taxes that supports municipal employment. If this revenue is shattered by default and property abandonment, the entire community suffers, including municipal jobs. I believe in government for the people by the people. Putting the spending cap question in the hands of Manchester voters is what we need to do. I encourage you to please let the people decide this question. Thank you.

Pete Escalera, 245 Prospect Street, Manchester stated:

For the past eight years we here in Manchester, us ordinary citizens, realize the heavy decisions that this Board and this Mayor have to make in regards to our money. How are we going to spend our money? I don't speak for them. I know for a fact that I appreciate all of the development that is going on in the City of Manchester. Our children of the future over

at Central High School have a parking lot. Look at what we did to our fields, what you guys did to our fields at the schools, our athletic fields. We have a baseball stadium and it is just going to get better and better. We have the Verizon Arena where we have everybody coming. Everybody has come to that arena. Anyone that is anybody has come to the arena and enjoyed it and enjoyed the hospitality of Manchester. This Board, you Aldermen and the Mayor reach out to all of the different people in the community. To the Latino community. You guys were marching in sombreros and I thought that was great. At Glendi and at the African Caribbean Fair and at St. Patrick's Day and the Christmas Parade bringing people together is what this Board and this Mayor have been doing in this great City of ours, Manchester. I appreciate it and the citizens of Manchester appreciate it. We know. We see where our money is going and a majority of us, I for one, do not want it back. I want to continue seeing Manchester on the move. We are planning for the future. We are not going to step back like some people want us to step back and have horses and buggys down on Elm Street. I have to go over to Pennsylvania to see if I can get a Ph.D. out of the Cracker Jack boxes they must be giving out over there. Thank you for a job well done by this Board and this Mayor.

Will Infantine, 89 Winward Lane, Manchester stated:

I have been a resident at 89 Winward Lane for a little over eight years. I, too, like Representative Vaillancourt have spoken to Secretary of State Gardner and I do believe that regardless of what the intentions were of the individuals who brought this forward that there are some flaws. I would never expect any of you to vote for something that is illegal or has flaws, nor would I expect you to put something on a ballot if it is illegal or incorrect. However, there is a pattern that I don't understand. All of you deserve the respect and honor that you have because you were voted in by a majority of the people who showed up to vote for the positions you have. However, I have seen this Board not agree to hear what the people have to say about a baseball stadium. I have heard this Board not agree to let the people speak about whether the School District should be a department and now even before the issues that were brought up here regarding the spending cap were brought to your attention, there were a number of people here that did not want this on the ballot either. Now you do deserve that respect and honor for your position, however, it is important that every once in awhile you step back and see what the people have to say. I am an elected official like you and every once in awhile what you think the people want isn't what the people want. So, out of respect for the 5,100 people who chose to sign this petition, I would like the Board to somehow place this on as a non-binding referendum. If a majority of the individuals feel that this is important enough to vote on this year, then maybe this Board should sit back and say well maybe we should do something. Everyone likes checks and balances in government and that is what we should have. I would respectfully request that a non-binding referendum be placed on the ballot to see what the will of the people is. Thank you very much.

Kevin Dillon, Manchester Airport, stated:

I am not here tonight to necessarily speak about the pros and cons of a budget cap on municipal services that are supported by taxpayer dollars but I am here to speak about the impact that a spending cap would have on the Airport. I think you all probably realize that the Airport is different than most City departments. We do not rely on any City tax revenues. We operate as a business and we live and die by the revenues that we generate at the Airport. It is my understanding that this budget cap would affect the Airport and, therefore, growth and development of the Airport would be impacted. Today about 30% of the overall development program at the Airport relies on Federal grants and Federal grants are very difficult to achieve in the best of circumstances but if there is a budget cap that is levied on the Airport what that would mean is that every time we would look to get a Federal grant I would have to come back to try to get that budget cap adjusted and I think you all realize that we have been very successful positioning ourselves at the end of the each Federal fiscal year to take advantage of available funds at the Airport. In fact, this Board actually voted to give the Airport the authority to take or have a blanket acceptance of Federal grants that would be eliminated under the budget cap and would put us in a very difficult position to achieve those grants. I am also concerned that the budget cap, as I understand it, would impact revenue generation at the Airport. That would be capped just as expenses would be capped. Quite frankly, it would be almost impossible to operate the Airport that way. I would be adjusting airline rates and charges monthly and I would have to be adjusting probably parking rates daily to comply with the cap. Certainly, because we do not take tax dollars we rely on parking revenues and we rely on airline fees to operate the Airport and to grow and develop the Airport. I would say that the annual budget of the Airport ranges anywhere from a 3% growth rate up to an 8% growth rate depending on what we need to do that particular year. So to try to hold that to CPI would be a very difficult thing and at the same time continue to grow and develop the Airport. So, accordingly I would urge you not to move forward with a budget cap that would impact the Airport. Thank you.

Keith Hirschmann, 296 Dunbarton Road, Manchester stated:

I was one of the fortunate people that came out of Brooks Drugs in West Manchester and saw a gentleman holding a clipboard asking me to endorse a spending cap. When I asked the gentleman the appropriate questions about how it worked he seemed to have the right answers – that it would be tied to inflation and that there was room for extra spending in the future but not the type of spending that has been happening in the past four to six years, which has been quite staggering quite frankly. I am a candidate for Alderman in Ward 12 and I would embrace a spending cap. I would look forward to serving on a Board where we had a spending cap that we had to adhere to. I think that the budget process would be more streamlined and we would actually focus on City services and important things. I think that Fire and Police and paving and those type of things would become primary and all of your Enterprise funds, those are the things that are luxuries. Building new bar rooms up at golf clubs, that is a luxury. Baseball stadiums – luxury. I served as an Alderman in this City

when we could barely afford to give the City workers a raise. Mayor Wieczorek had to hold everything in check for four years at least during his 10 year term. Those were the tough times. Right now all of you people are serving in the good times. You may not think so but this is what we looked forward to. In Ward 12 alone right now there are 70 new homes that have gone on-line and 30 apartment buildings that hold 20-30 families each. It is shameful that we have a tax increase with that much growth and development. Yes we are a destination City and yes we are growing and yes everything is good right now. Why are taxes going up? You people are the reason that this spending cap initiative is in place or coming to the Board. The taxpayers of this City demand better. They demand people that...yes it is nice to live in a destination City. We want crime looked at – all of our services looked at. It is actually shameful, the new housing units that have gone on-line, all of that tax money, all of that money that is generated, where did it go? Who got the money? A Destination Coordinator that you brought in from the mid-West getting \$100,000+? Department heads? Aldermen advocating for raises for department heads? That is not something that I am going to do I'll tell you that right now. This will hold your feet to the fire. I would look forward to it and by golly in November if I am elected Aldermen I hope the spending cap is new Aldermen. That is the spending cap you are going to get. Sure, fail this one. On November 9 you will get your spending cap Mayor. Good luck to you.

Joe Kelly Levasseur, 866 Elm Street, Manchester stated:

I took umbrage with the Mayor's statement the other day when he stated that the Aldermen in 2000-2001 unanimously accepted his budget. I can tell you that I was on that Board and we did not unanimously accept his budget. We unanimously accepted the budget that the Aldermen worked out for a 1% tax increase in 2000 and a 2.4% or 2.5% tax increase in the second year of my term. If you people out there are watching, there is always an answer to a spending cap and that is with the people that you elect. In the first two years we had a very strong contingent of Alderman Hirschmann, Alderman Levasseur and Alderman Vaillancourt. Three men that are running again and three people that will make sure to work very hard to keep your taxes low as we did those first two years together on the Board. The reason for a spending cap is more because of what we have as Aldermen and sometimes as Mayors. Some Mayors like to spend money on certain projects, schools being one of them and I don't begrudge the Mayor for putting himself that way and that is what he said he was going to do and he spent a lot of money on schools and such. I worry about when I am not in the office or when I am not able to voice my opinions. That is why I think a spending cap is a good idea. Whether this one passes muster or not I guess the courts will make that final decision. I would like to say that I am happy that the budget was a little bit lower but I also am worried about the last four years when the Mayor goes around the City and says how great the City is and how well it is doing. We had a revaluation in 2000 and it brought in a lot of new property at a much higher value, which brought in more tax money and we have another revaluation coming this year and we have had a lot of money come in from the state. We have seen pretty steady increases. I am perplexed as to why we would have any tax increases at all. I think it goes along with the Mayor and what he thinks is right for the City

of Manchester and the Aldermen that followed along with the Mayor's plan. I am worried about the fact that a lot of that money for the City being as great and as good and as wonderful as it has been why we have had to endure such big tax increases and with a revaluation coming I know that I am nervous so for all of you out there if you want a spending cap we will get it on the Charter one of these days if we can't get it through the courts this time but there are people out there you can elect that will give you the spending cap you need.

Mayor Baines advised that all wishing to speak having been heard, the testimony presented will be taken under advisement and considered by the Board of Mayor and Aldermen.

This being a special meeting of the Board, no further business was presented and on motion of Alderman DeVries, duly seconded by Alderman Osborne it was voted to adjourn.

A True Record. Attest.

City Clerk